

8 September 1981

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

FROM : Robert M. Gates

SUBJECT : Priorities and Initiatives for the Balance of the Year

Attached at the various tabs are suggestions for priorities and initiatives for the remainder of the year from the directorates and the Comptroller. As one might expect, most of them focus narrowly on the activities and interests of the proposing directorate. Nevertheless, they are worth looking through. Perhaps the most interesting of them is DDO's, which addresses some fairly general issues relating to the Directorate but also incorporates the priorities of each of the area divisions.

My own thoughts with respect to the rest of the year are as follows:

1. Legislation: I believe that there is some chance of getting Identities Legislation this fall but that the best we can do is move FOIA along a little bit. Identities will require a great deal of attention from the two of you, particularly in the next two or three weeks. I think to ensure favorable response in the Senate next week that the DCI will need to build a fire under the White House to try and get some highly placed calls from the President and/or Max Friedersdorf on behalf of the bill.

2. Executive Order: Getting the Executive Order through the White House, shepherding it around the Hill and getting the President's signature on it should be another high priority task to be completed this fall. Again, this is an issue that may require some considerable investment of time on both your parts.

3. The Budget: The way things are shaping up, it may take all the influence downtown and on the Hill the two of you can muster to keep our budget for FY-83 at a level that will permit real growth and initiating the long-heralded recovery from ten years of starvation.

4. Follow-up and Consolidation: You have made a number of organizational changes since spring, both in the DDO and in the analytical part of intelligence. I have the impression that the creativity, intellectual liveliness and improvement in operational capabilities that these changes were intended to foster have in fact bogged down.

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-- In analysis, eight months after your arrival, the National Intelligence Council remains crippled. You have no NIOs for Strategic Programs, the USSR, East Asia, Europe, and two NIO-at-Large positions are vacant. While there has been a

revision in the procedures for putting together the estimates. I think you will agree that the quality remains very mixed. The level of quality control anticipated with separation of the NIC from NFAC and the appointment of Harry Rowen has yet to make itself apparent. Led by the NIC, the Intelligence Community is incapable at this moment of writing National Estimates on Soviet national security policy because senior officials are not in place (in the NIC) to lead such studies nor at the analytical level to write them. The estimates that you requested some months ago on economic vulnerability and instability world-wide have yet to be published and available to policymakers. In short, I believe you both need to devote more time to helping Harry Rowen recruit NIOs for the vacant positions and also to pressing hard on him for improving the quality of the estimates as well as their timeliness. He should have the final sign-off before they come to you so that you know his views even if he is forwarding an estimate that he acknowledges is unsatisfactory in some respects.

Meanwhile, in NFAC the reorganization is, of course, leading to substantial turmoil. Nevertheless, I believe it is important for the two of you to keep your eye on the ball-- which is, of course, the quality of analysis being performed. I refer you to the early memoranda that I wrote on problems of analysis. Much of the reorganization that has taken place in NFAC has no bearing on those problems. Further action will be necessary on top of the reorganization to affect the mentality and attitudes of analysts working in NFAC. Changing the plumbing charts won't help that. I encourage you to re-address these issues with John McMahon, perhaps asking him for a report by the 15th of October on what he has done to make progress in each of the areas covered in your memorandum to him in April, when he first took over, outlining what you perceive to be the problems of analysis.

5. New Initiatives: There are still several areas for which we are unprepared for the 1980s. They are:

- Terrorism. I believe that the threats Qadhafi has made against the U. S. and the President, the bombings in Germany, and other terrorist acts in recent weeks are but a harbinger of renewed terrorist activity, perhaps on a scale not seen before. I believe we will see this increasingly during the 1980s and that terrorist acts will become both bolder and more dangerous to larger numbers of people. The resources we devote to terrorism, both in the DDO and NFAC, are in my view inadequate, as is the coordination between those two bodies. The DDO does not, as far as I can tell, devote sufficient resources to recruiting agents in terrorist organizations. In sum, this subject as a whole is one that ought to have higher priority and to which you should give additional attention between now and the end of the year in order to prepare CIA to deal with this subject.

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- Insurgencies. Similarly, it is my view that CIA is unprepared to deal with insurgencies that cut across national boundaries and become regional problems. A perfect case in point is, of course, Central America. But we are likely to see this as well in the Arabian Peninsula, Southern Africa, North Central Africa (Sudan, Chad, Niger, etc.) and so forth. We do not seem to have anyone who looks at insurgency as a Soviet-sponsored tactic that is applied along the same general principles in diverse areas of the world. Most of the Soviet analysts don't believe the Soviets are behind these insurgencies in the first place, for the most part, and they certainly do not accept that the Soviets see the various insurgencies as part of a larger strategy. This is an attitude and an approach we had best shake if we are to be prepared to cope with the problem. Again, the institutional links between the DDO and NFAC are inadequate to permit useful joint exploitation of information and analysis.
 - Economic Intelligence. I continue to believe that U. S. economic activity at home and abroad is central to our national security and, therefore, to U. S. intelligence. I believe we need to explore fairly aggressively the modalities of trying to get U. S. intelligence (along the lines of the recent NFAC study on foreign electric automobiles) into the hands of other government agencies in ways that they can make it available to U. S. industry. We, like every other intelligence service in the world, ought to be doing something to assist our private sector in competing abroad.
 - Technology Transfer. This has been our bugaboo for a long time now and will continue to be so in the future. NFAC's reorganization will probably strengthen their capacity to deal with the technology transfer problem, but, again, it is an area where DDO needs to concentrate additional resources and in which we need to focus not just on technology transfer to the Soviets but to the economic implications of technology transfer to our economic competitors.

6. In sum, there is no shortage of work for the two of you between now and Christmas. You have made important organizational changes in CIA and in the Intelligence Community staff. Now it is time to follow up, consolidate those changes, and realize the improvements in intelligence coverage that the reorganizations were intended to produce. I have covered the organizations and substantive issues that I think should have priority between now and the end of the year and where initiatives on your part are required to revive initiatives you set in train some months ago or to proceed to the next steps. Once the DDCI returns, it would probably be worth while for the three of us to chat about this.

Robert M. Gates